

Matthew W. Gissendanner Assistant General Counsel

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April 9, 2018

VIA HAND DELIVERY

The Honorable Jocelyn G. Boyd Chief Clerk/Administrator Public Service Commission of South Carolina 101 Executive Center Drive Columbia, South Carolina 29210



PSC SC MAIL / DMS

RE:

South Carolina Electric & Gas Company

Request for Approval of Contract for Electric Service with Am Biopharm, Inc.

Docket No. 2018-/23-E

Dear Ms. Boyd:

Pursuant to 10 S.C. Code Ann. Regs. 103-303 (2012), South Carolina Electric & Gas Company ("SCE&G" or "Company") hereby files with the Public Service Commission of South Carolina ("Commission") and seeks approval of the Contract for Electric Service ("Contract") between SCE&G and Am Biopharm, Inc. ("AmbioPharm"), with such approval to be made effective as of October 12, 2017, the effective date of the Contract.

AmbioPharm is a full-service peptide and biopharmaceutical manufacturing company headquartered in North Augusta, South Carolina. The Contract is related to AmbioPharm's decision to expand its existing operations in North Augusta to accommodate additional manufacturing equipment. It is SCE&G's understanding that AmbioPharm plans to invest \$18 million constructing two additional buildings and purchasing new equipment and expects to create 100 new jobs over the next five years, many of which will be career-level positions. Phase I of the expansion is expected to be completed on or about October 1, 2017, and Phase II of the expansion is expected to be completed on or about February 1, 2019. The Contract continues for ten (10) years from the in-service date of the Phase II expansion, unless an early termination is mutually agreed upon by the parties. The Contract is automatically extended thereafter until terminated by either party.

Due to the commercial sensitivity and proprietary nature of certain provisions of this Contract as well as the highly competitive nature of the industry in which AmbioPharm operates, AmbioPharm requested and the Company agreed to keep the terms of the Contract confidential. In accordance with the terms of the Contract, the Company and AmbioPharm respectfully request that the Commission find that the Contract contains protected information and issue a protective order barring the disclosure of this Contract under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 et seq., 10 S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law.

Pursuant to 10 S.C. Code Ann. Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, we enclose with this letter a redacted version of the Contract that protects from disclosure the sensitive, proprietary and commercially valuable information, while making available for public viewing non-protected information. We also enclose a copy of the unredacted Contract in a separate, sealed envelope and respectfully request that, in the event that anyone should seek disclosure of this unredacted Contract, the Commission notify SCE&G of such request and provide it with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Contract from disclosure.

Enclosed are the following:

- (1) A true and correct copy of the original Contract in a sealed envelope marked "CONFIDENTIAL." Each page of the Contract is also marked "CONFIDENTIAL."
- (2) Ten (10) copies of a redacted copy of the Contract for filing and public disclosure.

By copy of this letter, we are providing the South Carolina Office of Regulatory Staff ("ORS") with a redacted copy of the Contract for its records. Additionally, SCE&G will make the original, unredacted copy of the Contract available to ORS for its review.

Thank you for your assistance and consideration of this matter. If you have any questions, please do not hesitate to contact us at your convenience.

Very truly yours,

Matthew W. Gissendanner

MWG/kms Enclosure

cc: Dawn Hipp

Jeffrey M. Nelson, Esquire

(all via hand delivery w/enclosure)

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South Carolina Electric & Gas Company

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ORIGINAL

CONTRACT FOR ELECTRIC SERVICE

Effective Date: 10-12-2017

Contract No.: E3217041

THE PARTIES HEREIN NAMED AGREE TO THE FOLLOWING

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moton	er's l	egal	Name:

AM BIOPHARM, INC.

D/B/A:

AM BIOPHARM, INC.

Premises Served:

Pharmaceutical Manufacturing Facility

Service Address:

1024 Dittman Court, Beech Island, SC 29842-9404

Billing Address:

1635 Corte Orchidia, Carlsbad, CA 92011-4064

Initial Term Ends:

Years from Phase II

Service Date: See Phase I & Phase II on Exhibit A

Equipment In-Service Date;

Minimum Notice of Termination:

12

Months after initial term.

Supply:

Service Method: 12:47 kV

Company-owned padmounted transformers

Delivery:

277/480 Volts, Phase,

4 Wire,

Wye Connected

Point of Service:

Secondary side of Company-owned padmounted transformer

Metered Voltage:

277/480 Volts;

Meter Location:

On Transformer

Billing Rate:

23

Contract Demand:

1,000 kW

Maximum Capacity:

3,000 kVA

Build-up Period:

See Exhibit A

SIC:

2834 NAICS: 325412

Special Provisions/Extra Facilities/Explanations:

This contract incorporates all general, standard, and special terms hereafter or incorporated by reference, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services:

AM B	SIOPHARM, INC.	SOUTH	CAROLINA ELECTRIC & GAS COMPANY
By:	Stiphen kill	By: William G. Wattins	
- (- 1EAE61DC459240F Stephen Kiel	Print:	—62193B55E7FC453 William G. Watkins
Title:	CF0	Title:	Manager - Large Customer Accounts & Services

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SCEG06-003

DocuSign Envelope ID: 5E11148E-38AD-466A-A235-EF8FFA0235F4

EXHIBIT "A" <u>Contract for Electric Service between SCE&G and AM BIOPHARM, INC.</u> 1024 Dittman Court, Beech Island, SC 29842-9404

I. GENERAL

This Contract for Electric Service ("Contract") is being executed between South Carolina Electric & Gas Company ("Company" or "SCE&G") and AM BIOPHARM, INC. ("Customer") for and on behalf of themselves, their successors and assigns, and supersedes the General Service Agreement (Contract #GSA. 3208163) effective September 9, 2008, and all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services.

II. SPECIAL CONDITIONS

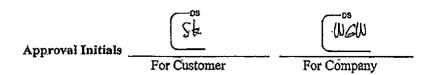
Customer has plans to expand its operations at this facility. The planned expansion will occur in two (2) phases included herein as Phase I (Bldg. 400) and Phase II (Bldgs. 500A & 500B). Completion of both phases will result in an investment of approximately \$18,000,000 for the expansion resulting in an addition of 100 jobs. Phase I and Phase II expansions are expected to be completed by early 2019.

Phase I Expansion: The Phase I Expansion is expected to be completed on or about October 1, 2017. Customer has requested and Company has agreed to install one (1) additional 1,000 kVA transformer to serve the Phase I expansion load. Customer will be billed on Company's Industrial Power Service Rate 23 ("Rate 23") with a buildup period of twelve (12) months. Customer agrees to notify Company thirty (30) days in advance when billing is to begin under the provisions of Rate 23.

Phase II Expansion: The Phase II Expansion is expected to be completed on or about February 1, 2019. Customer has requested and Company has agreed to install two (2) 2,500 kVA transformers to serve the Phase II expansion load. Following this installation, Customer and Company will make a decision as to whether to remove the existing 2,000 kVA transformer or replace it with a transformer commensurate with the load at that time. Customer agrees to notify Company thirty (30) days in advance when billing is to begin under the provisions of the Phase II Expansion Load Contract Rate.

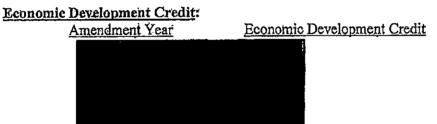
1. <u>Phase II Expansion Load Contract Rate</u>: Customer will be billed for all service in accordance with Company's Industrial Power Service Rate 23 (IPS) in effect at the time of billing, with the exception of the Phase II Expansion Load which will be billed as described below.

Beginning with the Customer's first bill issued following the Phase II Equipment In-Service Date and six (6) months build up period and extending for a period of five (5) consecutive twelve (12) month periods, the Customer's Expansion Load will be billed according to a Contract Rate, (the "Contract Rate") consisting of: 1) a Basic Facilities Charge; 2) a Demand Charge; 3) an Energy Charge; and 4) an Economic Development Incentive Credit (EDI Credit), as follows:



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- 1) <u>Basic Facilities Charge</u>: The Customer's Basic Facilities Charge shall be the Basic Facilities Charge in the Company's IPS Rate 23, in effect at the time of billing.
- 2) Demand Charge: The Customer's Demand Charge shall be the Demand Charge in the Company's IPS Rate 23, in effect at the time of billing, applied to Billing Demand kW as determined by the Company.
- 3) Energy Charge: The Customer's Energy Charge shall be determined by applying the Energy Charge per kWh in the Company's IPS Rate 23, in effect at the time of billing, to the billing kWh as measured by the Company.
- 4) Economic Development Incentive Credit: The Customer's monthly Economic Development Incentive Credit (EDI Credits) shall be determined by applying the Credit Percentages shown below to the sum of the Basic Facilities Charge, the Demand Charge and the Energy Charge described above excluding specifically identified Rate Components which are identified as Riders or Adjustments which currently are in effect or which may be added in the future. The specifically identified Rate Components currently and/or scheduled to be in effect include: (1) Adjustment for Fuel and Variable Environmental Costs; (2) Demand Side Management Component; (3) Pension Costs Component; (4) Storm Damage Component and (5) Distributed Energy Resource Program.



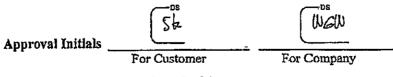
At the conclusion of the conclusion of receiving Economic Development Credits under this Amendment, billing for all service under this Contract shall be in accordance with the Company's Industrial Power Service Rate 23, in effect at the time of billing.

2. <u>Expansion Load</u>: Beginning with the Phase II expansion, the Expansion Load will be established as the net monthly peak kW demand and kWh consumption which exceeds the historical Baseline kW demand and kWh consumption. The six (6) month build up period shall apply to the Phase II expansion load.

Company and Customer agree that the monthly Baseline load will be 577 kW and the monthly Baseline consumption will be 278,867 kWh.

The increase in the net kW demand over the Baseline Load and the net kWh over the Baseline consumption shall be billed incorporating the EDCs as prescribed above.

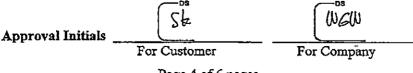
3. <u>Early Termination Charges</u>: Should this Contract be terminated for any reason prior to the conclusion of the Initial Term, the Company shall bill and the Customer shall pay, within thirty days of the invoice date, a percentage of all EDI Credits applied by the Company to the Customer's invoices under this Contract according to the following schedule:



Contract Year	% of Total Received EDI Credits		
Year 1	100%		
Year 2	80 %		
Year 3	60 %		
Year 4	40 %		
Year 5	. 20 %		

The Early Termination Charges described in this Section are in addition to any and all other termination charges provided for in this Contract, including but not limited to: the facilities termination charge described in the Standard Conditions and the demand termination charge described in the Standard Conditions.

- 4. <u>Coincidental Peak Billing:</u> The Phase I monthly billing shall be on one account, based on the arithmetic sum of energy, and the coincidental peak demand as recorded at the two (2) metering points during each billing period. The Phase II monthly billing shall be on one account, based on the arithmetic sum of energy, and the coincidental peak demand as recorded at the three (3) or four (4) metering points, depending on the disposition of the 2,000 kVA transformer as discussed above, during each billing period.
- 5. <u>Full Requirements Service</u>: In consideration for the aforementioned Economic Development Incentives, this amended Contract shall be for full-requirements service which requires that all energy and capacity be purchased from the Company except for Customer-owned power generation for emergency use by Customer as backup for its critical infrastructure and/or the installation and operation of a battery storage system. In the event of non-compliance by the Customer, Customer agrees to pay to Company an amount equal to the sum of all Economic Development Incentives applied by the Company to the Customer's invoices under the Contract. This section does not preclude Customer from participating in any of the Company's programs including its customer applicable Distributed Energy Resource (DER) or Standby Generator programs.
- 6. Regulatory Approval: The Customer agrees to support the Company in its request to the Public Service Commission of South Carolina ("Commission") to protect the confidential information contained within this Contract. This Contract is subject to the approval of the Commission, and any and all provisions herein are subject to change by order(s) of the Commission and the Customer agrees to support the Company in its request to the Commission seeking approval of the Contract.
- 7. <u>Confidentiality</u>: Customer requests and Company hereby agrees to keep the terms of this Contract confidential. Neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of this Contract to a third party except (i) in order to comply with any applicable law, order, regulation, or exchange rule; (ii) to the extent necessary for the enforcement of this Contract; or (iii) to its employees, lenders, counsel, accountants and other agents on a need-to-know basis for the analysis of business issues related to this Contract, provided such persons shall have agreed to keep such terms confidential. The existence of this Contract is not confidential.
- 8. <u>Distribution Facility Protection:</u> Company owns and will maintain the pad-mounted transformers, primary cable, primary protective equipment, and metering equipment. Customer owns and will maintain the concrete transformer pad and all circuits and equipment on load side of transformer terminals. Customer agrees to keep transformers and primary cable unencumbered and accessible to Company's maintenance vehicles and to keep transformers protected from vehicular traffic. Customer agrees to distribute its internal secondary loads in such manner as not to overload any transformer.



STANDARD CONDITIONS

Supply and Use: Company agrees to sell and Customer agrees to buy from Company all purchased electric energy, capacity, related transmission services and any related distribution services required by Customer for use on its premises covered hereunder. Resale by Customer of energy, capacity, related transmission or related distribution services is not permitted.

Creditworthiness: Company, in order to satisfy itself of the ability of the Customer to meet its obligations under the contract may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Customer agrees to assist in these reviews by providing financial information and at the request of the Company, will maintain such credit support or surety including but not limited to, an unconditional and irrevocable letter of credit to provide adequate security for protection against the risk of nonpayment:

Service Application, Deposit and Release: Prior to receiving service, Customer or its Agent must: (a) Ensure that an application for service is made to Company, either in person at one of Company's commercial offices or through the Company representative coordinating the service arrangements; (b) Post a service deposit with Company (as determined by Company in accordance with S.C. Public Service Commission regulations), unless waived by Company in favor of other satisfactory assurance for payment of bills; and (c) Ensure that any inspections required by governmental authorities having jurisdiction are completed and notice thereof is given to the Company.

Commencement of New Service: Company and Customer shall make every reasonable effort to have their respective facilities ready for service by the Service Date stated on Page 1. If conditions should change, the affected party shall immediately notify the other.

Assignment: Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion,

Term: This Contract shall commence on the Effective Date (the date on which this contract is fully executed) and shall continue for the full Initial Term, unless an early termination is mutually agreed upon. Thereafter, it will extend automatically until terminated by either party giving the other a written Minimum Termination Notice. Billing for service rendered hereunder shall commence on the Service Date (the date customer contracts for service under the tariff applicable to this confract) or the date that service is first made available, whichever is later, or in accordance with terms stated under Special Provisions.

Termination: Should Customer terminate this contract and disconnect service for any reason, either during the initial term or any extension thereof unless waived as provided for herein, Customer shall pay to the Company a facilities termination charge equal to (a) the total installed cost of facilities dedicated solely for serving Customer, (b) less any Customer contribution to construction, (c) less accumulated depreciation of the facilities funded by Company, (d) less salvage value of all facilities dedicated solely for serving Customer, (e) plus the cost of removal (including any associated environmental investigation/remediation costs related to a spill or release of hazardous substances caused by Customer or those paid or incurred by the Company which were not the result of negligence on the part of the Company), all as determined by Company in accordance with its standard accounting practices; provided, however, that the termination charge shall not be less than zero. Customers who terminate prior to the expiration of the initial term or any extension thereof may also be required to pay to Company a demand termination charge equal to 90% of the maximum demand set during the term times the demand rate in effect at the time of termination times the number of months remaining in the contract period.

Company may waive a portion or all of the termination charges where (1) a successor contract is executed prior to termination of this Contract, or (2) Customer is able to furnish Company with satisfactory evidence that a successor customer will occupy the premises within a reasonable time and contract for substantially the same service facilities. If deregulation should occur during the term of this contract, the above demand termination charge, after deregulation, will be determined by appropriate governing authority(ies) rules at that time. The termination charges above shall not preclude additional termination charges approved by the SCPSC or imposed by law.

Impaired Service: Customer shall be responsible for installing and maintaining on its system such protective equipment as necessary for protecting its equipment from single phase conditions, momentary interruptions or voltage fluctuations arising from conditions on its system or from Company's supply lines. Customer shall not operate its equipment of such nature and in such manner as to impose voltage flicker, surges, or harmonics on Company's system that adversely affects the Company's system or its service to other Customers. Adverse conditions verifiable as of Customer origin shall be corrected promptly by Customer or upon Notice Company may discontinue service until the conditions are corrected. Customer agrees to keep Company equipment unencumbered and accessible at all times.

Load Increase: If Customer contemplates a load increase which may exceed the Maximum Capacity stated on Page 1, Customer shall give Company written notice of planned increase, with sufficient lead time for Company to enlarge its facilities. In such cases this Contract may be amended by mutual consent of the parties to reflect any changes in the service characteristics, applicable charges or conditions of service.

Facility Relocation: Should Customer request Company to relocate any of its facilities, or take any action which will require Company to relocate its facilities, Customer shall reimburse Company for the costs incurred.

Hold Harmless: Company and Customer do respectively assume full responsibility for the maintenance and operation of the facilities owned and/or operated by each, and each shall indemnify and except as hereafter limited, shall hold the other harmless from any loss resulting from bodily injury (including death) or damage of property arising directly or indirectly out of any negligent or willful act or failure to act on the indemnitor's part in the installation, maintenance, operation, replacement and/or removal of the facilities owned and operated by each. Neither party shall be liable to the other in any event, whether in contract, fort or otherwise, for any loss of revenue, profits, use of production, costs of capital or purchased or replacement power, interest, business interruption, claims of customers or any other incidental, indirect or consequential damages of any nature whatsoever. Customer(s) acknowledge(s) the presence of overhead and/or underground power lines and understands that contact with them could cause serious injury or death.

South Carolina Public Service Commission: This Contract, the Billing Rate referenced on Page 1, and all services rendered hereunder, are subject to the Company's "General Terms and Conditions" as approved by the Commission, and to the "Rules and Regulations" of the Commission, as the foregoing now exist or may be amended in the manner prescribed by law. The billing Rate and General Terms and Conditions are attached and made a part hereof; Rules and Regulations are made a part by reference and are available upon request. This contract is specifically intended to survive deregulation or retail access.

Bold Print Terms: Bold Print terms reference the corresponding completed blanks on Page 1.

